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MEMORANDUM FOR: Project Director of Administration 5 June 1956

SUBJECT : Per Diem Payment by Lockheed to Detachment A
Contract Employees

1. Mr. C. L. Johnson informed me in a telephone conversation on 29 May that Lockheed is proposing to pay their employees while stationed at [] a contribution toward their living expenses. The employees will be required to submit an expense account and outlays for approved items will be reimbursed up to the amount of [] per day. This payment is calculated to cover a portion of the employees' living costs of about Twenty-Dollars (\$20.00) per week. The calculation is based on the costs that have been experienced at [] The figure of Twenty-Dollars is the estimate that was given the employees at the time of their selection as the probable amount of their weekly living expenses.

2. Employees will be cautioned when they are told of this arrangement that the less said about it to others at [] the better and that they should describe it as a contribution by the Company to living expenses in "hardship" cases and situations. They will also be warned that if this becomes an issue with other groups in the Detachment as a consequence of much talk about it, the whole arrangement will have to be reconsidered. It is being stipulated by the Company that this arrangement applies only at [] and will not necessarily be continued at any other location.

3. The justification for this arrangement is of course dubious but I am convinced that some justification does exist. In equity it is that the Lockheed employees have been spending nearly twice as much as they were told to expect and that this unexpected extra living cost, if continued, would eat up most of the bonus they are due at the end of their period of employment. The more pragmatic justification is that Kelly was faced with a degree of real unhappiness on this matter of living costs and is convinced that there would be some attrition of personnel and considerable impairment of morale if some action were not taken. This has been discussed provisionally with the contract employees of Detachment A and I believe it is not possible for us to prevent this arrangement from being put into effect.

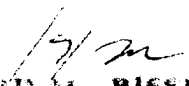
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4. Kelly has twice stated to me that the Company would meet this cost out of its own resources. I am not quite clear what this means. I would appreciate if the Contracting Officer would find out from Messrs. [redacted] just exactly how this item will be financed.

5. I believe [redacted] should be aware of this action by Lockheed and hope that [redacted] would in any event inform him. In order to make sure, however, I ask the Director of Administration to send a rather carefully worded message suggesting that he discuss with [redacted] action taken by C.L. Johnson following further consideration of the personnel problems he looked into at [redacted] and stating that we would communicate on this matter by dispatch. You might then send [redacted] a paraphrase of this memorandum with any other comments you wish. I believe it would not be desirable to outline the arrangement in a message since it would then have to be read by commo personnel at the very least and might receive undesirable circulation.


RICHARD M. BISSELL, JR.
Project Director

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- 1-Dir of Admin
- 2-RMB Chrono
- 3-Contracting Offr
- 4-Pro. Dep. Dir.
- 5-Finance
- 6-Project Chrono

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